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SUBJECT: IRELAND TO WRITE OFF NEARLY ALL IRAQI DEBT

REF: A. STATE 181094

1B. YOUNG-WEBSTER E-MAIL OF 11/8/06

(SBU) The Irish Government is in the process of forgiving roughly 90 percent of remaining Iraqi debt, according to Gerry Wrynn, Department of Enterprise, Trade, and Employment (DETE) Bilateral Trade Unit officer, to whom A/DCM delivered ref A demarche on November 9. Wrynn noted that DETE had operated an export credit insurance scheme for many years to assist Irish exporters who were trading in emerging markets. DETE provided a significant portion of this insurance to companies selling goods, mainly beef, to Iraq. After the Iraqi invasion of Kuwait, many Iraqi companies defaulted on debts owed to Irish export firms. DETE paid the Irish firms for the losses covered and effectively became the owner of the debt. The new Iraqi administration, said Wrynn, has offered to repay 10 percent of this original debt plus limited interest to a number of creditors, including Ireland.

DETE has accepted the offer and, over the last three years, has received roughly euro 4.5 million in settlement of the previous debt, either directly from the Iraqi administration or from selling the debt in advance on the open market.

Wrynn explained that Ireland held no other forms of Iraqi debt, as A/DCM also confirmed with the Department of Foreign Affairs and the Department of Finance.

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